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October 5, 2011

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

RE: Video Device Competition; Implementation of Section 304 of the Telecommunications Act of 1996; Commercial Availability of Navigation Devices; Compatibility Between Cable Systems and Consumer Electronics Equipment, MB Docket No. 10-91, CS Docket No. 97-80, PP Docket No. 00-67

Dear Ms. Dortch:

Today, Verizon and Microsoft announced that FiOS TV and Internet customers who are also Xbox LIVE Gold members will soon be able to view popular live TV channels through their Xbox consoles without the need for any extra hardware, such as a set-top box or even a remote control. With this partnership, FiOS TV becomes an application on Xbox 360, and customers will be able to use hand gestures to access and interact with FiOS TV through Microsoft's Kinect technology.

This new collaboration demonstrates again how Verizon and other video providers are breaking down old technology barriers to deliver to their customers the entertainment experience they demand – one in which they will increasingly have the freedom to view and interact with content on any device, anytime, anywhere. As Verizon's vice president of consumer and mass business product management, Eric Bruno, stated in the attached news release, "[w]e want to make everything our customers want or need to do, easier and more convenient, by putting the power of technology in their hands-through the Internet-connected devices they use every day." Just as we have explained to the FCC in the past, the demand to consume media on multiple devices is driving the marketplace to develop new and innovative ways to make content more accessible. Multichannel video programming distributors (MVPDs), software developers, device manufacturers, and content providers are all working together to develop new ways for consumers to view and interact with content wherever they go on whatever devices they choose. Government regulation in this collaborative, dynamic, and rapidly evolving marketplace – and particularly technology mandates such as certain AllVid proposals – is clearly unnecessary and would only slow the brisk pace of innovation.

In addition to our news release, I have also attached a presentation by Mr. Bruno delivered today at the TV NeXt conference. The presentation provides more details on the

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Verizon/Microsoft partnership and on the increasing extent to which consumers are using multiple devices to access content.

Sincerely,

A handwritten signature in black ink, appearing to read "Marlene H. Dortch". The signature is fluid and cursive, with a horizontal line at the end.

cc: Bill Lake
Paul de Sa

Attachments

NEWS RELEASE



FOR IMMEDIATE RELEASE
October 5, 2011

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Verizon and Microsoft Announce New FiOS TV-Powered Entertainment Experience, Coming Soon to Xbox 360

Companies Collaborate to Offer Live, Multichannel HD TV, Integrated with Kinect, in the United States via the Xbox; Expands Verizon FiOS Customers' Borderless Lifestyles

NEW YORK and REDMOND, Wash. – [Verizon](http://www.verizon.com) and Microsoft Corp. today announced an agreement that will open the door to a new FiOS TV-powered entertainment experience for the Xbox 360 video game and entertainment system. Using a Verizon-developed software application, [FiOS TV](http://www.verizon.com/fios-tv) and [Internet](http://www.verizon.com/internet) customers who are also Xbox LIVE Gold members will be able to view popular live TV channels through their Xbox consoles without any extra hardware required. This holiday, Verizon will bring a selection of popular live TV channels to Xbox 360 and will be a leader in delivering live, multichannel streaming HD TV, integrated with Kinect, via the Xbox.

The new collaboration is an important expansion of the breadth of entertainment available on Xbox 360 and the latest move by Verizon to break down old technology barriers and provide customers the freedom of a borderless lifestyle where they can connect with what they love on all their favorite devices. Utilizing Kinect for Xbox 360, FiOS customers will be able to easily discover and enjoy content in extraordinary new ways, all without having to pick up a remote control.

“By bringing the technologically advanced Verizon FiOS TV service to Xbox 360 and Kinect, we are advancing our vision to provide the best in entertainment in extraordinary new ways,” said Tom Gibbons, corporate vice president of the TV & Service Business for the Interactive Entertainment Business at Microsoft. “Xbox 360 brings all your entertainment, friends and family together in one place, and we look forward to introducing Verizon FiOS TV to the console this holiday.”

Verizon’s vision for the future – the Borderless Lifestyle – can be summed up in four words: anytime, anywhere, any device.

“We want to make everything our customers want or need to do, easier and more convenient, by putting the power of our technology in their hands – through the Internet-connected devices they use every day,” said Eric Bruno, vice president of consumer and mass business product management for Verizon. “The Borderless Lifestyle is about erasing old technology boundaries and freeing consumers to enjoy entertainment on their own terms. FiOS TV on the Xbox 360 will tap into the magic of Kinect to transform the way people interact with TV, providing a game-changing entertainment experience for our customers.”

(NOTE: Verizon/Microsoft Media Availability, Wednesday, Oct. 5.

Eric Bruno of Verizon is a keynote speaker this morning from 9 a.m. to 9:45 a.m. at the [TVNext 2011](#) conference at the San Jose Airport Garden Hotel, 1740 North First St., San Jose, Calif.

Tom Gibbons of Microsoft will join Bruno during the keynote and a subsequent media availability in the Governor's House, Room A, at the hotel from 10 a.m. to 10:30 a.m. For information, contact Jarryd Gonzales of Verizon at 213-703-1094.)

About Microsoft

Founded in 1975, Microsoft (Nasdaq "MSFT") is the worldwide leader in software, services and solutions that help people and businesses realize their full potential.

About Verizon

Verizon Communications Inc. (NYSE, NASDAQ:VZ), headquartered in New York, is a global leader in delivering broadband and other wireless and wireline communications services to consumer, business, government and wholesale customers. Verizon Wireless operates America's most reliable wireless network, with more than 106 million total connections nationwide. Verizon also provides converged communications, information and entertainment services over America's most advanced fiber-optic network, and delivers integrated business solutions to customers in more than 150 countries, including all of the Fortune 500. A Dow 30 company, Verizon employs a diverse workforce of nearly 196,000 and last year generated consolidated revenues of \$106.6 billion. For more information, visit www.verizon.com.

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TV IS JUST ANOTHER APP

Borderless Entertainment for an Always-Connected World

TV
NEXT²⁰¹¹

OCTOBER 4-5, 2011

TOMORROW'S TV AND MULTI-PLATFORM EXPERIENCES

Eric Bruno

Vice President, Consumer & Mass Business Product Management





"SAFE HARBOR" STATEMENT

NOTE: This presentation contains statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: the effects of adverse conditions in the U.S. and international economies; the effects of competition in our markets; materially adverse changes in labor matters, including labor negotiations, and any resulting financial and/or operational impact; the effect of material changes in available technology; any disruption of our key suppliers' provisioning of products or services; significant increases in benefit plan costs or lower investment returns on plan assets; the impact of natural disasters, terrorist attacks, breaches of network or information technology security or existing or future litigation and any resulting financial impact not covered by insurance; technology substitution; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations or adverse conditions in the credit markets impacting the cost, including interest rates, and/or availability of financing; any changes in the regulatory environments in which we operate, including any increase in restrictions on our ability to operate our networks; the timing, scope and financial impact of our deployment of broadband technology; changes in our accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings; our ability to complete acquisitions and dispositions; and the inability to implement our business strategies.

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The Revolution is Underway





Expanding Consumer Use of IP Devices and Apps



In five years, 184 million
Americans will regularly
use two or more connected
devices at home and/or work.



Source: The Personal Cloud: Transforming Personal Computing, Mobile, and Media Ecosystems, Forrester Research, June 6, 2011.



And Everywhere in Between



Nomadic broadband video users to increase to 154 million by end of 2015.

- Connect at fixed locations away from home
- Coffee shops, retail establishments, etc.



Number of mobile broadband video users also growing, but not as quickly as nomads.

- About 6 million users at YE2010
- Expected to reach 77 million by end of 2015

Source: NPD: Nomadic Broadband Video Usage Expected to Reach 154 Million Users and Close to 80% in-Home Usage by 2015, NPD Group, June 27, 2011



More Consumers Using IP Devices to Supplement Linear TV Viewing



69% view videos on their PCs.



33% view videos on their smartphones.



24% view Internet content on their TV.

Tripled in past two years as connectible game consoles, DVD players, DVRs, and TVs have proliferated.

Source: Are Your Customers Becoming Digital Junkies?, McKinsey Quarterly, July 2011

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At Home or Away, At Work or Play

In 2015, the average US resident...



...will have seven connected devices.

Source: Cisco Predicts 15 Billion Network Devices in 2015, CIO, June 1, 2011.

TV
NEXT²⁰¹¹



TV Is Just Another App

- Delivered over IP via cloud infrastructure.
- Functional on array of devices and OS.



- Easily accessible to users anytime, anywhere.
- Consistent functional experience.



Impact on Pay TV Providers

Challenges

- **Quality of Experience**
 - Video
- **Consistency of Experience**
 - User Interface
 - Navigation

Opportunities

- **Range of Experience**
 - Multiple platforms
- **Interactivity**
 - Search/Widgets
 - Personalization

Proliferation of TV Apps across platforms and devices creates an equal opportunity for user nirvana or disaster.



High IQ Networks Enable Quality and Range of Experience

2,700 cities in 154 countries
Transit up to 100 Gbps

**Verizon
Global IP Backbone**



47 advanced Internet
data centers worldwide

terremark
a Verizon Company

Verizon Access Networks: Anytime • Anywhere • Any Device



**Verizon
FiOS**



**Verizon High
Speed Internet**



**Verizon
Wi-Fi**



**Verizon
Wireless**

An intelligent, interactive, multi-platform IP network
erases legacy technology borders and insures quality.



Cloud Enables Consistency and Interactivity





Value of Consistency



Ability to learn one screen and learn them all
drives engagement and customer satisfaction.



Value of Interactivity



Self-Help Self-Provisioning

Interactive TV supports
multiple types of
applications from
Self-Service to Widgets



Widgets Differentiation



More than cost reduction – Interactive TV also creates new opportunities for revenue growth and differentiation.



Tablets and Smartphones Enable Personalization



Tablets and Smartphones are inherently personal and private.



Gaming Consoles Drive Engagement

- 51% of US households own a game console
- 18 hours per console game player per week
- 158 hours per US TV viewer per month
- FiOS is 30% higher than national average



Linear TV on Gaming Consoles is a natural fit.



Verizon FiOS TV
on the
XBOX 360



TV
NEXT 2011






Tom Gibbons

Corp. Vice President, TV & Service Business
Microsoft Interactive Entertainment





Xbox Vision

-  All the entertainment you want
-  Shared with the people you care about
-  Made easy



Microsoft

TV
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Xbox Vision

 PARTY
INTERACT

XBOX LIVE 

MUSIC



SHOP



COMMUNITY



GROWTH



SHARE

OPPORTUNITY
CONSOLE



CROSSOVER

VIDEO

HUB



GAMES
TELEVISION
MOVIES

Microsoft

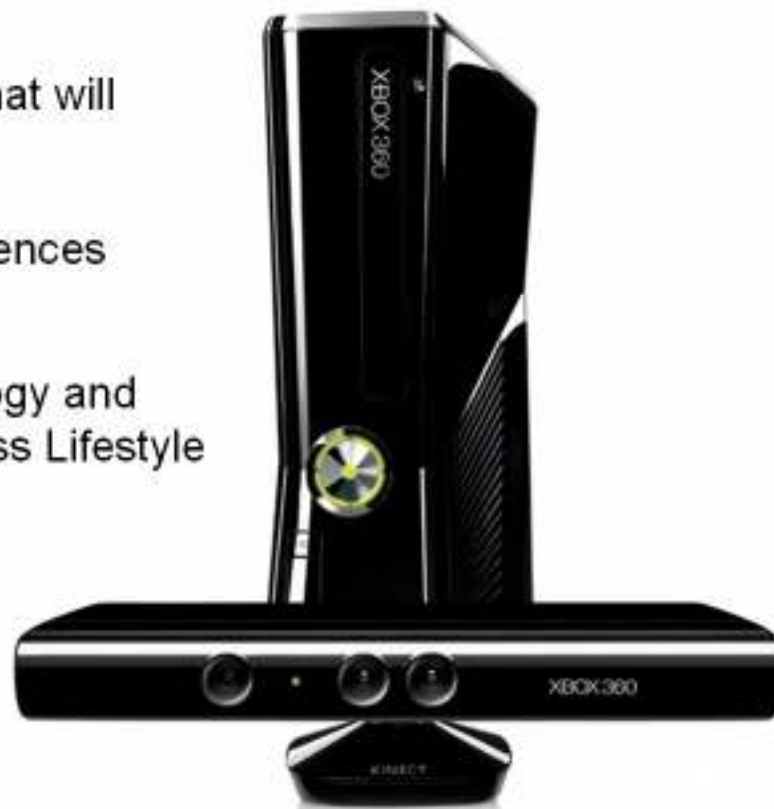
TV
NEXT 2011



Why Verizon?


-  Brings live TV entertainment that will delight Xbox users
-  Amazing entertainment experiences we can create with Verizon
-  Leveraging networks, technology and solutions to advance Borderless Lifestyle
-  Established history of working and growing together

Microsoft





Why Xbox 360?

-  #1 in US game console market
-  Complementary customer base
-  Kinect: Adds new non-traditional users.
-  40% of Xbox LIVE Gold members in US watch an hour of video per day



Verizon FiOS TV

TV
NEXT 2011



Applying Technology, Advancing Home Entertainment

Familiar platform



Easy expansion
to any room

No hardware to
install or setup



No new boxes,
wires, or clutter

Anywhere in
the Home



Wired or WiFi
Connections



FiOS TV App on Xbox 360 Live: App Carousel





FiOS TV App on Xbox 360 Live: Interactive Program Guide



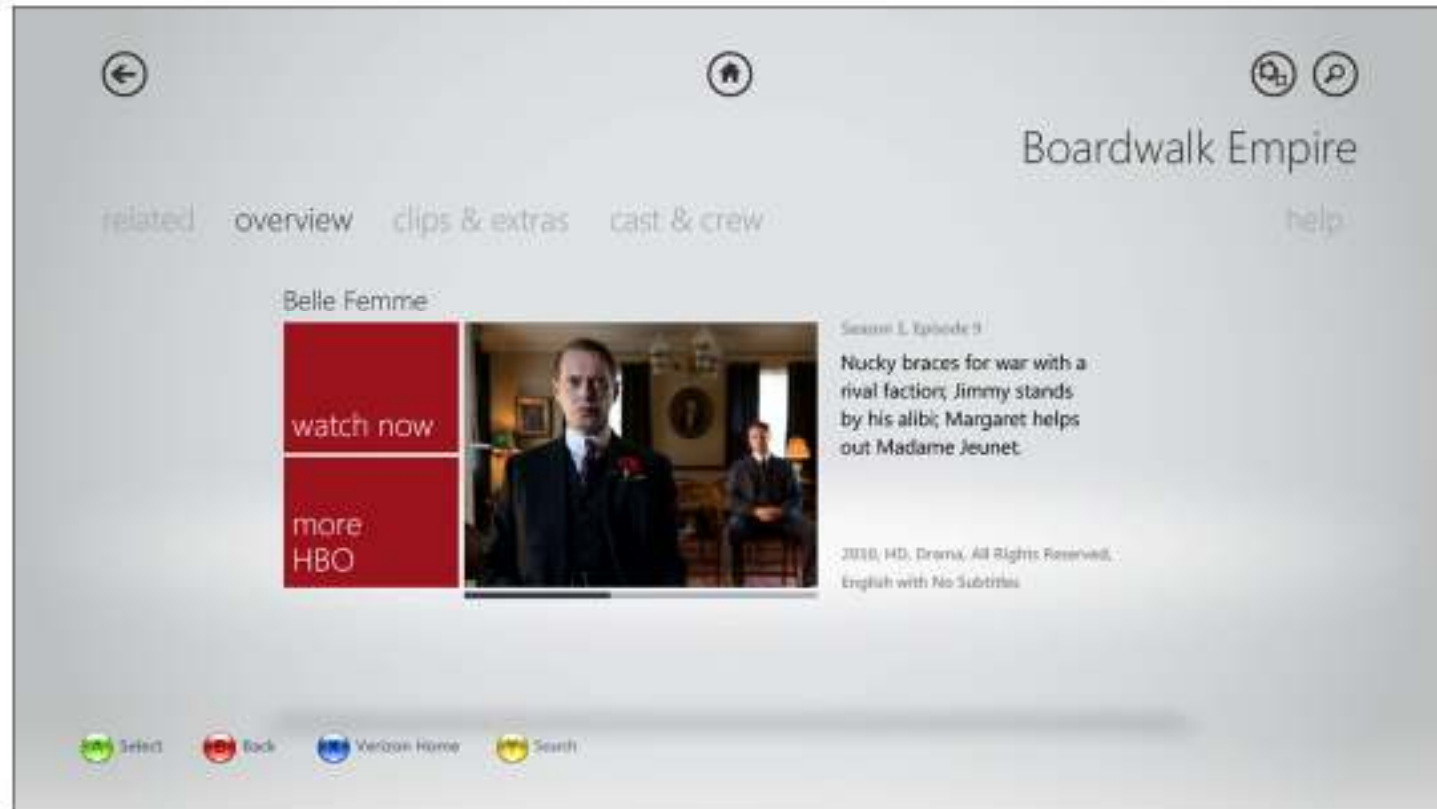


FiOS TV App on Xbox 360 Live: Viewer Options





FiOS TV App on Xbox 360 Live: Program Information





Microsoft

**TV
NEXT** 2011



Advancing the Borderless Lifestyle



The Best of Both Worlds

Live Linear FiOS TV integrated with Kinetic on Xbox 360.

Available in time for the Holidays.
More to come from Verizon.

**TV
NEXT** 2011



TV is Just Another App

Audience Q&A

